

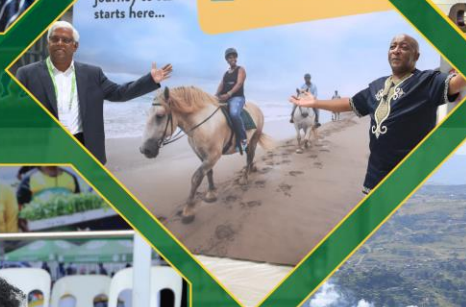


**KWAZULU-NATAL PROVINCE**  
ECONOMIC DEVELOPMENT, TOURISM  
AND ENVIRONMENTAL AFFAIRS  
REPUBLIC OF SOUTH AFRICA

# BUDGET

**VOTE 4**

**2022/23**



**DEPARTMENT OF ECONOMIC DEVELOPMENT,  
TOURISM AND ENVIRONMENTAL AFFAIRS**

**VOTE FOUR**

**2022/2023**

# **BUDGET SPEECH**



**HONOURABLE MR RAVIGASEN RANGANATHAN PILLAY, MPL**

**11 May 2022**

# VOTE 4 BUDGET SPEECH

## 2022/2023

DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM  
AND ENVIRONMENTAL AFFAIRS

ADDRESS TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE BY  
THE HONOURABLE MR RAVIGASEN RANGANATHAN PILLAY MPL

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*Rising above Covid-19, Social-Unrest and Floods*

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Madam Speaker, Honourable Nontembeko Boyce

The Premier of the Province of KwaZulu-Natal, Honourable Mr Sihle Zikalala

Honourable Members of the KwaZulu-Natal Executive Council

Honourable Members of this august House

Representatives of all of our social partner formations

Your Worships, the Mayors

Distinguished Guests

Members of the Media present

Ladies and Gentlemen

Comrades and Friends

## 1. INTRODUCTION

Honourable Speaker, all of us in this Legislature will, for the rest of our lives, remember these very trying years of economic recession, Covid-19, the July 2021 unrest and the April 2022 floods.

We have been tested, tested and tested yet again. We have despaired. Some may have faltered and yet others fallen. But we have not been broken. We have risen after every blow, determined to be true to our province and its people, all our people.

Everywhere I go, locals and visitors alike, hail our resilience.

On Monday, 9 May 2022 I attended, in Hammarsdale, the official launch of a R 650 million investment by Kerry Foods, which is one of the projects committed to at the 2018 Presidential Investment Conference and facilitated by EDTEA's entity, Trade and Investment KwaZulu-Natal. Kerry Foods is an Irish company employing 22 000 people worldwide. The event was attended by the Group CEO and managers from different parts of the world.

They believe in KwaZulu-Natal. They speak of a "Hub and Spoke" strategy in developing their business worldwide. For Africa, their hub will be here in KwaZulu-Natal, Hammarsdale. The spokes will be to link other countries in Africa such as Kenya and to capitalize on the Africa Continental Free Trade Area Agreement.

This was a practical realisation and manifestation of our mission statement when we promote KwaZulu-Natal as a gateway to Africa and the world.

I cite this example with belief and confidence.

This is not to gloss over the terrible pain and suffering waged by Covid-19, the July 2021 unrest and the floods. Indeed it is because the pain was so deep and the danger so great that we must believe in ourselves. Our resilience is real.



## 2. RISING ABOVE COVID-19, SOCIAL UNREST AND FLOODS

Today, we table a budget that shall propel us above the ashes of Covid-19, the July 2021 social-unrest and the April 2022 floods. As Alexandra Vasiliu wrote in 2019:

“No matter how many times  
you have experienced pain,  
fight  
to rise from your ashes.  
Win your hope back,  
soak up all the good thoughts  
and channel them onto love.  
You are a phoenix.  
Your heart deserves  
to bloom again.  
Fight.”

Indeed, KwaZulu-Natal is that phoenix, that immortal bird that cyclically regenerates. We have girded our loins ready to push ourselves above the Covid-19 ashes. To get us out of the Covid-19, social unrest and floods we shall fight to:

- Elevate job creation to be at the centre of all our service delivery programmes;
- Increase provision of support to provincial enterprises;
- Boost expenditure on catalytic infrastructure to unlock further investment;
- Tackle barriers to growth;
- Widen export markets for locally manufactured goods;
- Aggressively market KwaZulu-Natal as the premier investment destination of choice;
- Promote skills development;
- Increase air connectivity to KwaZulu-Natal;
- Develop efficient regional airports to support tourism;
- Promote innovation to increase international competitiveness of local enterprises;
- Conclude the rationalisation of public entities to optimise limited fiscal resources;
- Automate business licencing to stamp out illegal trade;
- Stimulate rural and township economies; and
- Support formal and informal enterprises.

### **3. GLOBAL ECONOMIC DEVELOPMENTS**

Honourable Speaker, the last IMF World Economic Outlook reported that the global economy grew by 5.9% in 2021, and is projected to grow by 4.9% in 2022 and averaging 3.3% over the medium term. This growth is dominated by advanced economies which are expected to recover early from the Covid-19 pandemic situation due to policy support interventions and opening of global value chains.

At the same time, Sub-Saharan Africa was expected to grow by an average of 3.7% in 2021, lower than the global growth rate of 5.9%, amid Covid-19 restrictive measures, slow vaccination programmes, limited fiscal space and growing debt burden.

However, the global growth optimism has been dampened by the geopolitical developments which saw the Russia Ukraine war at the end of March 2022. The conflict has since disrupted the recovery of many global economies, creating much uncertainty.

The impact of the war flows through three channels. Firstly, higher prices for commodities such as food and energy will fuel inflation, in turn eroding the value of incomes and weighing on demand. Secondly, neighbouring economies, in particular, will grapple with disrupted trade, supply chains and remittances as well as a historic surge in refugee flows.

Thirdly, reduced business confidence and higher investor uncertainty will potentially spur capital outflows from emerging markets.

The greatest challenge for most developing economies in the immediate term will be high energy costs, high food prices and disrupted global value chains dampening growth prospects.

#### 4. DOMESTIC ECONOMIC DEVELOPMENTS

Madam Speaker, South Africa is projected to grow by 2% in 2022 and 2023, a noticeable slowdown from the projected 4.8% in 2021. While not inspiring, this would still be a much better growth performance than the five-year period before the onset of Covid-19.

This forecast implies that real GDP returns to the pre-Covid-19 level (2019, Q4) in the third quarter of 2022. The local economy had some decent momentum in early 2022. This was helped by government's decision to further loosen lockdown restrictions at the end of 2021 amid indications that the fourth domestic Covid-19 wave had peaked.



While the upbeat start to the year is most welcome, we do not expect particularly robust real GDP growth for the entire 2022. Downside risks include more severe-than-expected load-shedding (as seen in recent months), the high likelihood of a fifth Covid-19 wave around the middle of the year and potentially a sixth wave later in the year. Local monetary policy will also be less accommodative in 2022. We have already seen two interest rate hikes recently.

In addition to the domestic constraints, which are likely to cap the potential recovery in business confidence and private sector fixed investment, a less supportive global economic environment is another factor that suggests domestic real GDP growth could slow sharply in 2022. In particular, the war between Russia and Ukraine has increased the downside risks on the performance of the local economy due to the effect on energy costs, global supply chain disruptions and high food prices. Slower global growth, along with ongoing logistical challenges at the railways and ports, should see the growth in export volumes moderate materially in 2022 after a partial bounce back in 2021.

## **5. REBUILDING THE ECONOMY POST-SOCIAL UNREST**

Following the unfortunate civil unrest witnessed in July 2021 in KwaZulu-Natal and some parts of Gauteng, the KwaZulu-Natal provincial government swiftly embarked on a mission to stabilize the situation through coordinating and mobilizing security cluster departments to work on quelling the mayhem.

We engaged players in all key industries particularly the food and fuel value chain. We quelled racial tensions mushrooming between various communities by directing law enforcements to deal with criminal actions of individuals and at the same time engaged leaders in affected communities. This work remains a historical mission.

We formulated a comprehensive post social unrest economic recovery blueprint which inter-alia included supporting the informal economy, assisting companies to access relief measures and supporting rebuilding initiatives.

In August 2021, the Premier led a team of MECs and senior government officials to Pretoria where he engaged members of the Diplomatic Corps demonstrating the stability that had just been restored in the province. At this session, bilateral meetings were held with a number of Ambassadors representing the largest component of multi-national investors in KwaZulu-Natal. The purpose was to give a detailed assurance of the state of the economy in KwaZulu-Natal, and our approach to ensuring safety and security of investments within the province. Post this session, we have since hosted a number of Ambassadors that have pledged their support to KwaZulu-Natal and are currently exploring partnership opportunities with key government departments and creating linkages between KwaZulu-Natal businesses with business from their respective countries.

The provincial Government worked closely with the Development Finance Institutions (DFIs) to assist businesses affected by the July 2021 civil unrest. We are pleased to advise that to date substantial progress has been made.

- The Department of Trade, Industry and Competition (DTIC) through the Critical Infrastructure Recovery Programme (CIRP) and working with the Industrial

Development Corporation (IDC) and the National Empowerment Fund (NEF) has disbursed R2.57 billion to 140 businesses in the province. This programme has retained close to 50 000 jobs

- Department of Small Business Development (DSBD) has disbursed R109.7 million to 111 businesses in the province out of 439 applications received with a value of R421.6 million
- Trade and Investment KwaZulu-Natal (TIKZN) in partnership with the IDC has disbursed R30 million to 173 businesses, mostly in the townships and rural areas supporting informal traders and SMEs in the retail, manufacturing, and agro-processing businesses. This has resulted in over 1000 direct jobs saved.
- The South African Special Risk Insurance Association (SASRIA) received 15 120 claims totalling R36 billion. R26 billion is from 120 big claimants (at least R60 million and above), whilst R10 billion is for smaller claims (up to a maximum of R60 million). R20 billion has been paid out to date (R12 billion to claims valued at R60 million and above, and R8 billion to claims below R60 million). SASRIA targets to have paid R28 billion by end of March 2022. SASRIA estimates losses from the July unrest to be around R56 billion
- The provincial Government working with the national government and the Development Financial Institution (DFIs) are working out a programme to de-risk the hot spots such as Mooi River
- Ithala Development Finance Corporation has completed the minor repair works at its affected properties throughout the province to ensure tenants could trade again. IDFC is working together with SASRIA to rebuild the 11 severely damaged properties. Contractors have already been appointed to rebuild four factories at Madadeni Industrial Estate and Nongoma Shopping Centre
- The KwaZulu-Natal Gaming and Betting Board (KZNGBB) responded to the call by the industry for an intervention through financial relief funds or through the KZNGBB Guarantee Relief. Total value of Guarantees that have been accessed by the gaming and betting industry was R20 630 500. The assistance provided enabled the affected licensees to navigate difficult economic periods.

## **6. REBUILDING THE PROVINCE AFTER THE DREADFUL FLOODS**

Honourable Speaker, as the economic reconstruction and rebuilding efforts post Covid-19 and the July 2021 civil unrest gathered momentum, we woke up on the morning of 12 April to the devastating news of floods that affected the province with severe impact being experienced in eThekwin, iLembe, uGu, King Cetshwayo and uMgungundlovu districts.

On farms, crops, livestock and infrastructure were destroyed thereby threatening food security in the province. National, provincial and regional roads, bridges, railway lines, and telecommunication infrastructure were damaged. Sewer lines, water treatment plants and water pipes, drainage systems, electricity infrastructure and commercial and residential

buildings were washed away. The economic impact is estimated at close to R20 billion. As a result of this, a number of households and businesses went for weeks without water and electricity, putting further strain on economic recovery.

We appreciate the response from our national government, the private sector and non-governmental organisations who have all rallied to support us with humanitarian assistance and the rebuilding of infrastructure.



The following are key to economic recovery:

- Restore road access to the port of Durban, in particular Bayhead Road, rail infrastructure and full operational efficiency
- Road Infrastructure: N2, R102 and secondary roads
- Provision of shelter for workers who have been displaced
- Restoring of public infrastructure such as sewerage, drainage, water and electricity
- Restoration of Internet connectivity and network.

Much interim work has already been done with some examples of exemplary initiative and creativity.

The following support packages have been introduced:

- The Minister of COGTA declared the floods in KwaZulu-Natal as a state of disaster. This has enabled government to fast track measures to assist the affected families and to rebuild infrastructure and restore services;

- We have activated Section 30A of the National Environmental Management Act (NEMA) which deals with authorisations for Emergency Situations to fast track the rebuilding programme;
- The Department of Small Business Development has unveiled R60 million Business Recovery support which is made up of R50 million for small businesses and R10 million for the informal sector. This package entails access of between R2 million and R10 million by formal businesses and R10 000 for informal businesses;
- DTIC through the Industrial Development Corporation has availed a R500 million recovery package for infrastructure rebuilding, bridging finance for businesses, recapitalization and working capital. The package targets businesses that are not insured, insured and underinsured. The Fund is from a minimum of R1 million and is capped at R60 million per applicant;
- Trade and Investment KwaZulu-Natal are in advanced discussions with the IDC to lobby for additional financial support for businesses that have gone into distress; and
- IDFC has identified a number of properties within their industrial parks which are available for companies that would like to temporarily or permanently relocate their business operations whilst the rebuilding programme is underway.



Going forward we will work with eThekweni Municipality and other flood prone districts to develop long term solutions to deal with floods. Some of these strategies include the following:

- Adherence to environmental laws in terms of human settlements and agriculture. No socio-economic activities on water ways, river banks and river mouths;
- Resettlement of communities away from flood prone areas;
- Draft climate resilient and flood management strategy;
- Design flooding resilient infrastructure; and
- Investment in efficient drainage systems and storm water management systems.




## 7. SOME CHALLENGES AND SETBACKS

Honourable Speaker, it is important that we continue to confront challenges that face us and account on how we are dealing with them:

### ***Business Disruptions***

The Provincial government has remained firm against disruption of business operations and construction sites by vigilant business forums. In this regard, we welcome the recent arrest



of people who invaded and made demands at the Durban High Court construction site. Although this is a project of the national Department of Public Works, we have a keen interest in the speedy and successful completion of the project. It will not only be a huge boost to the efficient functioning of the High Court, but it is also a timeous boost to the regeneration of the inner city. In this regard, we commend the security cluster and the MEC for Community Safety and Liaison for their quick and effective response which speaks to their commitment to fulfilling the undertakings that the government has made in engagements with organised business.

We have been very clear and consistent in our message. If so-called business fora want to behave like a mafia-style protection racket, then the law must take its course swiftly and uncompromisingly. If people want to engage genuinely about empowerment opportunities then our doors will be open for good faith engagement. These engagements are guided by the following non-negotiable principles:

- A clear and emphatic rejection of any criminal conduct
- Respect for all procurement processes within the framework of the law
- Current preferential procurement legal framework can be lawfully accessed for work opportunities
- Engagements will not protect anyone from consequences for any prior unlawful conduct.

Through the above approach we have drastically reduced the incidents of business disruptions and site occupations in the province. However, we shall not rest on our laurels. We will continue to closely monitor the situation. We will continue to engage. We refuse to be defined as a lawless province and we call upon all our social partners to work with us in fighting this scourge of business disruptions.

***Foreign Nationals – We are not Xenophobic!***

Honourable Speaker, the other matter that has raised its ugly head and resulted in wanton opportunism from some individuals and formations is that of foreign nationals displacing South Africans from employment opportunities. We wish to state categorically that we are part of Africa and have cordial relations with our fellow brothers and sisters in Africa. As any other sovereign country, we have laws and rules of employment that should be respected. Our policies are very clear about prioritizing South Africans for employment opportunities whilst recognizing that scarce skills could be sourced from anywhere in the world. We urge the Department of Employment and Labour to speedily finalise the proposed changes in the overall legal framework.

## **SAPREF**

Honourable Speaker as per the announcement of the Premier during his SOPA that the Provincial government of KwaZulu-Natal learnt with great shock and dismay of the decision by SAPREF shareholders namely Shell and BP to indefinitely suspend refinery operations in Durban by the end of March 2022. The announcement comes not long after Engen Refinery announced a similar decision regarding their refinery operations in Durban. The recently approved Economic Reconstruction and Transformation plan identifies the oil refinery sector as a strategic industry for growth of the KwaZulu-Natal economy. We are of the firm view that retaining refinery operations in the province is key for economic growth and job creation rather than solely relying on importing refined fuel. We recently met with all key stakeholders in the oil industry following the unfortunate civil unrest in KwaZulu-Natal in July 2021 to discuss strategies for supporting and protecting this industry. We need to understand this decision in the context of worldwide dynamics in the energy sector and impact of climate change issues on cost factors.

## **8. JOB CREATION**

Honourable Speaker, the pandemic hit us hard. Household incomes fell rapidly. Many small businesses could not survive the shutdown, while most of the survivors face deep liquidity constraints. The July social unrest deepened the crisis. Unemployment remains the leading challenge that necessitates immediate policy priority.

We are pleased to report that through various initiatives implemented in the province, we have created **195 603** job opportunities during the 2021/22 budget year.

The EPWP created **139 422** full time equivalent work opportunities. The Special Economic Zones (SEZs), namely, Dube Trade Port and Richards Bay IDZ jointly contributed **4 499** jobs opportunities through construction activities.

Elsewhere in the Province, we have also attracted new investments to the tune of **R5.5 billion** in various sectors that have contributed to 8 875 jobs.

The enhancement of national roads such as N2 and N3 by SANRAL has also contributed in excess of 7000 job opportunities.

A total of 5 351 jobs were created within the informal economy (measured through issuing of new permits) and 30 456 in the formal business (measured through issuing of new licenses) through the KwaZulu-Natal Automated Business Licensing and Information Management System.






### ***Radical Agrarian Socio-Economic Transformation (RASET)***

The provincial government of KwaZulu-Natal attaches great importance to delivering effective agricultural support services to the provincial agricultural community, particularly the previously disadvantaged subsistence and emerging farmers. The Radical Agrarian and Socio-Economic Transformation (RASET) initiative was introduced as a far reaching programme that will transform the structure of the agricultural value chains in the province. Under the programme, **608 smallscale famers** (majority of whom are females) were assisted with market access that saw produce valued at **R34 618 276.00** being sold during the first three quarters of 2021/22 financial year. The RASET programme has secured 24 private and 3 government markets creating 595 jobs in the process. Let me also take this opportunity to confirm that as from the beginning of this financial year, RASET has now been officially transferred to DARD.

### ***Township and Rural Strategy***

Honourable Speaker, the KwaZulu-Natal government is committed to ensuring that the rural and township economy contributes significantly to the provincial economy. The Provincial Executive Council recently adopted the Township and Rural Economy Revitalisation Strategy, which sets out a programme of action, illustrating how government together with



key stakeholders will lead the revitalisation of township and rural economies. As part of the economic reconstruction and transformation plan (post Covid-19) of the province it becomes a cross-cutting issue for all sectors.

Spatial planning has become critical for the township and rural economies so the state can keep pace with the economy developing within this sector. The taxi industry is an important role player in urban and rural transportation systems. The industry provides employment for a large number of people and circulates significant amounts of money. The taxi industry must be given the same attention and respect that we give to our Chambers of Business.

Our approach to supporting township and rural businesses include, inter-alia:

- Allocating space to local entrepreneurs at discounted rates;
- Localisation of the supply chain by mall occupants (prioritising local enterprises);
- Sub-contracting should be localised; e.g. security, cleaning services, maintenance services; etc.
- Equity share-scheme for local black industrialists in small businesses; and
- Provide comprehensive support to SMMEs in areas such as access to training, finance, markets, infrastructure and tools of trade.

### ***Transformation of Gaming and Betting***

Honourable Speaker, transformation of the gaming and betting industry remains a key mandate of the KZNGBB and especially in terms of promoting economic growth in sectors lacking participation of historically disadvantaged individuals. Significant progress has been made in the black-owned Betting sector which saw a marked increase from 27% in 2012 to 80% in 2021. The funding emanating from the application of the KwaZulu-Natal Gaming and Betting Tax Amendment Bill will provide the vehicle to redress the inequities of the past. The key focus areas include capacitation of the Traditional Horseracing sector for improvement of infrastructure, upskilling of jockeys and horse owners through funding of industry related training programmes. The KZNGBB Black Industrialist programme is a vehicle to implement radical economic development and job creation. The programme supports component manufacturing projects within the gaming sector. The total investment for potential projects is R292 million and will support a total of 210 Jobs.

### ***Enterprise Development***

Honourable Speaker, small businesses and cooperatives are an integral part of our drive to build an inclusive economy and reduce the massive concentration of the economy in the hands of a few conglomerates.

The following profound statements by eminent authors are instructive:

*“When inequality gets too extreme, then it becomes useless for growth, and it can even become bad because it tends to lead to high perpetuation of inequality over time and low mobility. We want capitalism and market forces to be the slave of democracy rather than the opposite” – Thomas Piketty*

*“We should measure the prosperity of a nation not by the number of millionaires but by the absence of poverty, the prevalence of health, the efficiency of public schools, and the number of people who can and do read worthwhile books” – W.E.B. Du Bois*

As at 31 December 2021, the Enterprise Development fund received 334 loan applications from SMMEs. **R147.5 million** worth of these applications have been approved and **R84.9 million** has been disbursed to date thereby creating 964 jobs. In 2022/23, a further **R214 million** is planned to be disbursed which is estimated to create **1667 jobs**.

Significant non-financial assistance is required in order to sustain benefits derived from the funding given to recipients. Such support takes the form of end-to-end hand-holding, offered during the pre- and post-investment phases of the client relationship, training and incubation, infrastructure (Shared Manufacturing Services), improved access to finance and markets.

A total of 2122 small enterprises were supported through training, mentorship, funding, marketing, business advisory services, registration and exhibitions as follows:

- 301 SMMEs and 80 cooperatives were assisted with business registration;
- 636 SMMEs were assisted to comply with statutory requirements;
- 260 cooperatives were assisted with registration processes;
- 24 cooperatives were mentored on access to markets and business expansion area; and
- 317 people from 65 cooperatives were trained in bread making and business management skills.

Financial and technical assistance support for Municipal Employment Initiatives (MEI) in uBuhlebezwe, Umzimkhulu and Okhahlamba was also activated in the financial year. 117 small and informal enterprises were selected by the municipalities to be provided with equipment and stock. The MEI involves the identification, selection, evaluation and support for small formal and informal entrepreneurs by the relevant municipalities through specified criteria in a fair, open and transparent process. EDTEA provided technical and financial support to the total value of R3million with municipalities co-funding any balances required (estimated at R3.5million). In the next financial year, we will upscale this programme and target 12 municipalities.

In March 2021, the implementation phase of Operation Sakhinzuzo, a programme to support small scale sugar cane farmers was concluded. This programme has resulted in:

- 3014 ha of sugar grown on freehold and communal land
- 2470 seasonal jobs were supported with **R25 million** in wages paid
- 287 small scale (individual) growers benefitting
- 24 cooperative beneficiaries
- 12 contractors and four input suppliers supported.

Thus far, the beneficiaries have delivered 169 500 tons of sugarcane and generated **R117 million** in revenue since the inception of the programme. We will continue to monitor this programme until 2023.

In the 2021-22 financial year, our 3-year collaboration with the South African Farmers Development Association (SAFDA) to support small-scale sugar growers (SSGs) commenced. Firstly, this included a once-off transport subsidy (**R3.5 million**) for Makhathini SSGs to transport their cane to the Felixton Mill whilst the Mkhuze Rail Siding was being upgraded. I am pleased to report that in excess of 600 SSGs benefitted from this subsidy and that the upgrade of the rail siding is almost complete. In the next season the SSGs will transport their cane to Felixton via rail. Secondly, our collaboration involves the distribution of fertiliser to SSGs. In the 2021-22 growing season, 731 SSGs in the Sezela catchment area benefitted from this support. Over the next two years, this collaboration will continue with support provided in the northern and midlands sugar growing areas.



### ***Catalytic Infrastructure***

Honourable Speaker, infrastructure is crucial to the effectiveness and efficiency of economic activity.

Ithala IDFC property in KwaMashu has been refurbished and equipped to operate a shared facility for production of detergents. The facility was successfully completed and commissioned in KwaMashu on 1 June 2021. To date 35 SMMEs and cooperatives are being incubated at the facility. We will seek to establish two more facilities in the King Cetshwayo and Ugu District Municipalities.

DTIC has committed **R49.9 million** for Phase 2 of the Isithebe Industrial Estate revitalisation to deal with fencing, roads, bulk water supply and sewerage treatment plants. The Development Bank of Southern Africa (DBSA) is the implementing agent. The project is 70% complete and has created 64 temporary jobs in the process. We are currently awaiting budget confirmation from DTIC for the revitalisation of the Madadeni and Ezakheni Industrial Parks.

Significant progress has been registered in the construction of infrastructure for informal traders and small businesses in Umvoti, Okhahlamba, Msunduzi and Kokstad funded through the Provincial Recovery Fund. Five new informal infrastructure projects (Newcastle, Umdoni, Manguzi, Hlabisa and eThekweni (Folweni)) were contracted in the financial year and are currently in various stages of procurement and construction.

The construction of the KwaMajomela Centre (Ward 17, Nongoma) for small and informal business is now 75% complete and is due for completion by July 2022. All of these projects (with the exception of Manguzi and eThekweni) which are to be completed in 2022-2023, have thus far supported 94 construction jobs. 383 of a targeted 767 informal traders have been placed in their stalls. In the next financial year, six informal economy infrastructure projects for Alfred Duma; uBuhlebezwe, Abaqulusi, Msinga, Umdoni and Mkhuze are proposed for implementation. These projects will benefit an estimated target of 642 beneficiaries.

The Department is forging ahead with the construction of uTshwayelo aquaculture and fish processing facility at Kosi Bay in uMhlabuyalingana local municipality at a project cost of **R2.85 million**. uTshwayelo aquaculture and fish processing is a legacy project identified in the Kosi Bay Integrated Border Development plan (IEDP) formulated by the Department in the 2019/20 budget year. To date, the project has created 25 construction job opportunities. The project is expected to be completed by end of May 2022. EDTEA has made a provision of **R1 million** in 2022/23 for operationalization of cooperative beneficiaries.


### ***Investment Promotion***

The Provincial Government has stepped up efforts to attract both Foreign Direct Investment (FDI) and Domestic Direct Investment (DDI) into our priority sectors of the economy. The total Rand value of investments to date into the Province of KwaZulu-Natal, mostly facilitated by Trade and Investment KwaZulu-Natal in this financial year, amounts to **R5.3bn** with **8554** jobs to be created.

We are pleased to announce that through vigorous investment campaigns the following major investments have been signed off in the province during the 2021/22 budget year:



- Tetra Pack investment of **R500m** adding 120 jobs to the already existing 300 jobs;
- Webhelp Call Centre's investment of **R500m** which will create initially 350 jobs and will grow to over 2000 jobs in the next two years;
- Blythedale Coastal Resort's **R800m** investment creating over 2000 jobs;
- Capita BPO investment of **R120m** creating 500 jobs
- Construction of the **R1.1 billion** Wilmar Factory commenced envisaged to create 200 jobs;
- Toyota South Africa's **R2.6bn** investments for the Toyota Corolla Cross;
- A Mauritius based company will be leasing 5 factories at the Ezakheni Industrial Estate to operate a clothing manufacturing facility. Pro Textile (Pty) Ltd will be investing **R350 million** and are set to create approximately 1650 jobs. It is expected that they will begin operations in February 2023.



Very strong relationships have been established with international stakeholders (Embassies, Trade Offices, and Bilateral Chambers), the Department of Trade, Industry and Competition and other economic development role players e.g. Brand SA, DIRCO, and industry associations.

In our quest to promote investments into the local economy the provincial Government has implemented the following key programmes and interventions:

- We hosted a successful KwaZulu-Natal International Investment Conference between 22-23 March 2022 as a build up to the Presidential Investment Conference held on 24 March 2022.
- The KwaZulu-Natal Investment Conference also hosted the “World Halaal Day” with domestic and international delegates from the Russian Federation, Singapore, Indonesia, India, some Gulf States, Egypt and Nigeria to name a few, who showcased products that can enter the Halaal market.
- The KwaZulu-Natal Trade and Investment Indaba and World Halaal Day event saw the spirit of cooperation between KwaZulu-Natal and two global stakeholders such as the Tatarstan Investment Development Agency and the Indian Shoe Manufacturers Association and Ambur Tanneries Association of India respectively committing their mutual interest of benefit and cooperation with Trade and Investment KwaZulu-Natal and the Province of KwaZulu-Natal to further engage in future business cooperation and market exploration. The agreement with Shoe Manufacturers Association and Ambur Tanneries Association will see support to the leather and footwear industry in the form of increasing capacity of the local industry and enable access to international markets and bolster capacity for the local markets. The agreement with Tatarstan Investment Development Agency would see in the main the sharing of information, best practices and cooperation on investment and trade related initiatives between Tatarstan and KwaZulu-Natal.
- Trade and Investment KwaZulu-Natal revised the KwaZulu-Natal Investment Opportunities handbook in time for the Presidential Investment Conference. This booklet was unveiled at the KwaZulu-Natal Investment Conference.

At the fourth Presidential Annual South African Investment Conference (SAIC), we witnessed the provinces of Gauteng, KwaZulu-Natal (KZN) and the Northern Cape securing the largest investment pledges from big business amounting to R30 billion, R22 billion and R16 billion respectively. At this conference, South Africa registered 83 direct announcements which amounted to R332 billion worth of fresh commitments from investors alone. R 1.06 trillion on investments into South Africa have been raised to date.

### ***Export Promotion***

Honourable Speaker, the Provincial Government is also actively promoting KwaZulu-Natal companies to participate in international markets as a way of expanding manufacturing

production of tradable goods and growing employment. The following milestones were achieved during the year under review:

- 233 companies were assisted with national and provincial incentives allowing them to pursue export opportunities and accessing new markets;
- 355 existing exporters and 106 emerging Exporters were assisted with capacity building and export development and readiness training with a great focus on black owned businesses;
- Transnet Port Terminals (TPT) partnered with Trade and Investment KwaZulu-Natal (TIKZN) in export enterprise development for black businesses;
- The African Import and Export Bank (Afreximbank), in partnership with the African Union and the Secretariat for the Africa Continental Free Trade Area hosted the Intra-Africa Trade Fair - IATF 2021 at the ICC, Durban on the 15-21 November 2021. The conference attracted over 10 800 buyers and sellers, and had over 1100 exhibitors. The IATF also realised over USD 40 billion in trade deals that were signed. At least six Heads of State attended the fair, viz. Mozambique, Nigeria, Zimbabwe, Malawi, South Africa and Zambia;
- The KwaZulu-Natal Export Deals concluded at the IATF were in excess of R400m. The top three companies were Trade Bricks, Gem Water Solution and Coconathi Pty with the top three SMMEs being Sluvin Designs, Minnies Foods and Gugu Bhengu Mobile Boutique (Crafts); and Trade and Investment KwaZulu-Natal signed an agreement with GIT Zone International on market access opportunities for KwaZulu-Natal companies across Africa.

### ***Special Economic Zones (SEZs)***

To rise above the Covid-19 and social unrest ashes and the flood disaster we need to develop key infrastructure at our Dube TradePort (DTP) and Richards Bay Industrial Development Zone (RBIDZ) both of which will play a critical role in attracting and increasing investments.

The TradeZone 1 at DTP hosts 41 operational business including 19 major tenants in various manufacturing sectors including electronics, automotive, fuel cells, healthcare and fibre optics, as well as tenants providing specialist logistics and cold storage.

The TradeHouse is maintaining its role as a specialist home for the air freight logistics industry as well as an incubation space for start-ups and small-scale manufacturers accommodating 15 companies.

In 2021 DTP added an 18 unit mini-factory complex, already occupied by five fully operational black owned small enterprises, three of which are women owned.

TradeZone 2 will open this first quarter. This new 40-hectare industrial zone has already secured two private sector manufacturing investments to the value of **R169 million**, namely Synergy Blenders and LM Diapers both of whom will start construction before July 2022.

In 2022, DTP projects to create 1 885 jobs through an expected **R2.45 billion** in new private investment.

At the same time, a number of high value projects will be commencing at RBIDZ in 2022. ProStar Paints (Pty) Ltd, a black owned entity that manufactures paints, decorative, protective, and industrial coatings will invest **R141 million** and create 50 construction jobs and 50 permanent jobs once operational. The plant is projected to be completed in November 2022 and be operational from January 2023.



Elegant Afro Lines (Pty) Ltd will establish a **R1 billion** caustic soda/chlorine chemical production plant creating 350 construction jobs and 182 operational jobs. The project is led by a KwaZulu-Natal black woman-owned consortium that already has a footprint in the chemicals sector operating out of Westmead in Pinetown.

EMv Nanomaterials (Pty), a South African company, intends to manufacture, distribute and sell Nano Precipitated Calcium Carbonate (NPCC). The feedstock will be supplied by Natal Portland Cement which owns a limestone quarry situated in Port Shepstone, approximately 300km south of Richards Bay. It is estimated that the quarry at Port Shepstone will be able

to provide feedstock to EMv for approximately 100 years. The project value is estimated to be R 368 million with an impact of 150 construction and 42 operational jobs.

Responding to the energy crisis that has engulfed our country, the RBIDZ is partnering with Eskom to develop a 3000 MW gas-power plant. The project is in the authorisation, licensing, and permitting phase.



The **Clothing and Textile Special Economic Zone** has taken a two-phase approach and these phases are both progressing very well. Phase one deals with rebuilding of factories at Ezakheni to host a Clothing and Textile SMME Park, which is one of the requirements of DTIC to designate and grant status of the SEZ. Phase one was boosted by the recent confirmation of investment of about R500m from Compagnie Mauricienne de Textile Ltée (CMT) from Mauritius. CMT is one of the leading garment manufacturers in the world and headquartered in Mauritius with design and marketing offices in the UK and France, CMT specialises in fast-fashion jersey wear for high street retailers in Europe and the US. CMT has the largest vertically integrated manufacturing plant in the Sub-Saharan region and will create about 1600 jobs in South Africa. CMT plans to expand into the SEZ once the development is complete. Vertically integrated manufacturing is a key value proposition of phase two SEZ designation. The Clothing and Textile SEZ has now attracted approximately R1,2 billion investment. Ithala on behalf of the SEZ has submitted an application to DTIC Critical Infrastructure Fund for rebuilding of the factories for the SMME Park. Ithala has also submitted a lease agreement to Dube Trade Port who will become the operator of the SEZ.

DTIC has instructed EDTEA and Trade and Investment KwaZulu-Natal to improve the financial model of the SEZ. We expect submit a comprehensive application to DTIC at the end of May 2022.

### ***Route Development/Air Connectivity***

Air connectivity is a critical driver of growth through trade facilitation and tourist movement. EDTEA leads a multi-stakeholder committee that is dedicated to driving the coordination and promotion of international and domestic air services into King Shaka International Airport.

Through the efforts of this Committee, we have been able to restore Qatar and Emirates services and more recently, Turkish Airlines announced its return in the first quarter of 2022/23.



Airlink has resumed the Durban - Harare service as from 05 April 2022. Restoring this route has remained a high priority and will open up potential linkages to the airlines' wide regional networks. Closer to home, South African Airways has restored the Durban-Johannesburg service after exiting business rescue. SAA as the national carrier has played a major role in providing connectivity for KwaZulu-Natal. The reintroduction of this service is crucial in growing domestic capacity on the essential Gauteng-KwaZulu-Natal route.

### ***Automotive Supplier Park***

In the south of Durban, Dube Trade Port is working with Transnet to develop Phase 1 of an Automotive Supplier Park at the Durban Logistics Hub site, previously the old Durban International Airport site. The 62-hectare park is located just north of the Toyota Assembly Plant and is designed to accommodate suppliers to the automotive manufacturing industry. The target date for sites to be complete for hand over is December 2023. Phase 2 of the Automotive Supplier Park will be undertaken on a site owned by Dube TradePort at Illovo.

### ***KwaZulu-Natal Regional Airports***



The construction of the Terminal Building at Mkhuze Airport, to the value of **R72.31 million**, is complete and has created 215 job opportunities. Thirteen of the 22 sub-contractors used during construction are from the uMkhanyakude District, thereby empowering SMMEs and the local community at large.

The reconfiguration of Margate Airport Terminal building, valued at **R10.3 million**, which created 50 job opportunities during its construction is set to be complete in the first quarter. During the festive season period, the Airport recorded an increase in passenger movements from 2467 passengers in the previous year (2020/21) to 5356 passengers for (21/22), representing a 117% annual increase.

We provided a capital budget of R2 million towards the upgrading of the runway lighting and security systems at the Newcastle Airport. Security upgrades will be completed in the 2022/23 budget year. Furthermore, an amount of R3 million has been allocated in the 2022/23 financial period to support the resurfacing of the runway.

Pietermaritzburg Airport which is the second busiest airport after King Shaka International Airport in the Province and serves the capital of KwaZulu-Natal with scheduled flights to Johannesburg. In December 2020, a new security perimeter fence was completed at a value of R8.5 million (of which the Department provided R2.5 million). A budget provision of R3 million has been made in the 2022/23 towards security upgrades

### ***Broadband Rollout***

Honourable Speaker, EDTEA has successfully undertaken WIFI services Proof of Concepts in three (3) districts, namely, iLembe, uGu and Harry Gwala. Furthermore, topographical assessments across the province are currently underway in order to determine proper technological solutions to be deployed across the province and to determine commercial, economic and business case feasibilities for the respective districts.

A Provincial ICT Indaba comprising all industry stakeholders will also be hosted in partnership with the Office of the Premier (OTP) during the first quarter of the 2022/23 financial year. The intent is to emerge with holistic tangible proposals and solutions to the ICT challenge that the province is faced with by developing a cohesive and implementable strategy of deploying KwaZulu-Natal Broadband, 4IR services and related ICT services, whilst building a Smart Province. Logistics and planning in this regard have commenced.

## **9. SECTOR DEVELOPMENT**

### ***Tourism***

Despite the devastating impact of Covid-19 on tourism in the province, a concerted drive to market the province as a preferred tourist destination saw the performance numbers improving over the last financial year. This is evidenced by the 2021 festive season performance numbers which saw the province sitting at an average of 69% hotel occupancy compared to 62.3% in 2020.

We are pleased to note that passenger numbers at King Shaka International Airport have steadily increased in 2021; from 156,191 passengers in January of 2021, climbing to 326,132 by December 2021. In total, 2.8 million passengers passed through the airport in 2021, this is 550,582 more passengers than in 2020.



Tourism infrastructure plays an important role of ensuring that the supply side of our tourism offerings remains sustainable. We have completed the design development and planning activities for the upgrading of Shakaland Hotel and Cultural Village, Woodstock Dam Resort, and Amatata Mountain Eco-tourism development. These projects are now ready for investment promotions and funding from potential funding institutions. The planning activities for Balele Game Park and Durban Eye Ferris Wheel and KwaXolo Caves are underway and will be completed the 1st quarter of the next financial year.

Many global associations and event owners who were not able to host events in 2020/21 financial year in KwaZulu-Natal during the pandemic have postponed the events to a time when it will be permissible to hold events safely once again. Most of the events were postponed for 2022 and beyond. Hosting meetings and events in a world affected by Covid-19 will require major adjusting — especially on the part of planners, venues, and governments. The Convention Bureau was instrumental in the successful coordination and hosting Intra-African Trade Fair in November 2021 and working closely with the Department of Health, hosted, the International Conference on AIDS and STIs in Africa in December which were both held safely in the Province.

While the reality of Covid-19 on large events cannot be ignored, the Convention Bureau remains positive that prospects will improve in the future. KwaZulu-Natal has been named as the official host of the United Nations International Global Child Labour Congress in May 2022, the Economic Zones Africa Expo in October 2022 and the World Table Tennis Championships in 2023.

Some other confirmed business events planned for 2022 are as follows:

- 21st International Flight Inspection Symposium: 20-24 June 2022.
- The 28th International Ornithological Congress: 15-20 August 2022
- UN World Tourism Organization Affiliate Member Plenary Session: September 2022
- World Football Summit Africa: 16-17 November

Following a two-year break as a result of the impact of Covid-19 on global tourism, from the 2-5 May 2022 Durban and KwaZulu-Natal hosted Africa's Travel Indaba, the biggest tourism travel trade show that showcases Africa's tourism offerings to international buyers. The event saw 5373 international and local delegates registering of which 712 were buyers; 291 media; 2162 personnel representing 654 exhibiting companies and 2208 guests. This event injected approximately R72 million into the Province of KwaZulu-Natal and hotels around eThekweni reported a hotel occupancy of 85% during the event. This is a welcome boost after the province experienced floods during Easter which saw a decline in number of tourist during this period.

Honourable Speaker, I am also pleased to announce that on 5 May 2022 KwaZulu-Natal Provincial Government signed a declaration with Mpumalanga Province, Republic of Mozambique and Kingdom of eSwatini which expresses an intention to revive the east3Route project. The parties committed to mutually cooperate for the purposes of reviving the east3Route which broadly seeks to promote tourism, trade and investment in each of the three countries.



This year will also see a greater focus on major leisure events that will assist in boosting the tourism economy and we welcome the new sponsor of the biggest horse racing event in Africa, Hollywood Bets, and look forward to hosting this year's Hollywood Bets Durban July among other major events lined up for the year.

As we all adjust to the new normal imposed by the pandemic, it is important for us to review our brand positioning and destination marketing strategy in order to align to the changing tourist needs. In this regard we will work together with our tourism trade partners to review our destination marketing strategy with the aim of greater marketing impact internationally and creation of greater demand, while also addressing the supply side of the destination tourism offering.

### ***Creative Industries***

As part of reconstructing and growing the Creatives Industries Sector, the Department initiated a public/private sector partnership project with Mr Price Group's Apparel Division on the practical training of 22 Emerging Designers from across the province. The project is intended to offer knowledge and upskill the emerging fashion apparel and accessory designers, with particular emphasis on women and youth development.



The department hosted an inaugural KwaZulu-Natal Creative and Innovation Business Week (KWANDE Festival) on 17 to 19 March 2022. Twenty-eight multi-sector exhibitions from

SMME showcased their different products during the KWANDE Festival which registered approximately 320 participants. The KWANDE Festival activities included informative panel discussions and a fashion show which had ten emerging designers from Durban University of Technology showcasing 100 pieces of their designs.

A KwaZulu-Natal Marketplace Trading Portal Platform has also been developed by the Department which is a business to consumer (b2c), business to business (b2b), and peer to peer (p2p) one-stop hub. The Trading Portal will enable individuals and businesses to trade their products and services online with a great emphasis on supporting products made in KwaZulu-Natal.

### ***Call Centres***

South Africa was recognised as the top global location for business process services, in a sector that is rapidly expanding locally and exporting call-centre and related services to other parts of the world. In 2021 the country was named as the Most Favoured Offshore CX Delivery Location for 2021, in the Annual Front Office BPO Omnibus Survey.

The Global Business Services (GBS) also referred to as business process services (BPS), includes call centres, technical support and back and front office services for major multinationals and South African firms.



KwaZulu-Natal's sophisticated infrastructure as well as its fluent English-speaking and young population, has created a solid enabling environment for off-shore services. This sector has created over twelve thousand jobs (12,000) in KwaZulu-Natal, with the majority being our youth and young women.

The Call Centre sector is one of the green shoots that will steer KwaZulu-Natal's economic reconstruction and recovery in the aftermath of the global pandemic. The DTIC's development of an industry master plan which is set to further bolster the sector with an employment target of 500 000 by 2030. KwaZulu-Natal will be putting its best foot forward to ensure that we can capitalise on this job creator.

We will need to scale-up government support and services to the sector. Our drive will focus on driving geographic spread and realise the growth of this sector in secondary cities, thus creating employment opportunities for young people. This is ours to lose. We dare not.

### ***Agro-Processing***

In line with its commitment, to grow the agro-processing sector, the department trained 50 women and youth beneficiaries of the Amarula Processing Factory Initiative on food handling, processing and compliance certification to meet international standards and accreditation. The plant which is situated in Manguzi, uMkhanyakude District under the Tembe Traditional Authority will be processing Amarula fruit into jam, juice, oil, pulp etc for both domestic and international markets.



## ***Film Industry***

Honourable Speaker, the film industry continues to be one of the priority sectors to advance youth and women empowerment in the province. We conducted a baseline study in 2021 which found that the KwaZulu-Natal film sector has grown by 3% from 9% to 12%. This has a direct impact on job creation with the number of jobs created in the sector growing by 88% in five years to 2782 jobs in the sector in 2019/20. Seven local films underwent the development phase under an MOU with the VIACOM and were televised/broadcasted on the BET channel.

The KwaZulu-Natal Film Commission (KZNFC) funded the development of audio-description tracks for nine of our funded projects and 25 students (100% from designated groups) were awarded bursaries to study at various institutions that teach film-related courses. In support of emerging filmmakers, ten projects were funded in production and twenty-four in development. Over 36 projects were awarded Covid-19 relief funding to the value of R8,3m.

In 2022/23, KZNFC will prioritise emerging filmmakers through its film fund and other related programmes. The entity will also encourage various local productions to start adopting environmentally friendly filming practices to reduce the carbon footprint of the sector. KZNFC will enter into partnerships with accredited institutions to develop programmes that will enhance the competitiveness of the KwaZulu-Natal film sector. Existing partnerships with the Media, Information and Communication Technologies Sector Education and Training Authority (MICTSETA), TVET colleges, Durban University of Technology (DUT), University of KwaZulu-Natal (UKZN) and Africa Film Drama and Art School for the Creative Economy (AFDA) will continue in order to deliver more with improved coordination. KZNFC will continue to support projects that promote our local heritage and isiZulu language. The entity will continue to work with the broadcasters and online distributors to ensure that filmmakers can engage and access these platforms to exhibit their projects once they are completed. We are also closely monitoring the progress of the Film City project, a private sector initiative.

## ***Social Compact***

It is common cause that government alone cannot rebuild the economy. It requires the active participation of civil society actors. Rebuilding trust between committed social partners at local level through new social contracts wherein the partners act in unison on meeting development imperatives will enable stronger local economies to emerge.

The province, through the KwaZulu-Natal Economic Council, facilitated the signing of the Provincial Social Compact in April 2021 by Social Partners including Government, Labour, Civil Society and Private Business. The signing of the social compact is a direct response to His Excellency the President of the Republic of South Africa's directive of the 21<sup>st</sup> of April 2020 on measures to response to Covid-19 in which he said "**Our economic strategy going**

**forward will require a new social compact among all role players- business, labour, community and government- to restructure the economy and achieve inclusive growth”.**

To date, we can report with some pride that KwaZulu-Natal is the only province that has heeded this clarion call. In the 2022/23 budget year, the KwaZulu-Natal Economic Council will closely monitor implementation of and impact of interventions contained in the Social Compact. Ultimately its success will depend on its rollout to the district and local municipality level.

### ***KwaZulu-Natal Growth Coalition***


On 10 and 11 March 2022, the KwaZulu-Natal Growth Coalition (Government and Business) convened a conference under the theme "The KwaZulu-Natal Government Values the Role of Business in Building the Province". This ground breaking conference presented captains of the industries and government executives with a real opportunity for reflection, self-criticism, and renewal.

The conference recognised and resolved that there is a need to do things differently when it comes to resolving catalytic projects bottlenecks. For example, in eThekweni Municipality there have been tireless stakeholder engagement efforts, including engagements with strategic investors every Friday at 7am led by the Municipal Manager. Through this initiative the municipality's senior leadership has consistently achieved an average of more than 80% of all matters resolved. Other municipalities are encouraged to adopt the eThekweni model because it is working.

Honourable Speaker, we have already started implementing the resolutions that emerged from the aforementioned conference. The conference tasked the Premier to engage businesses in Msunduzi with a view to understand and resolve the challenges they are facing. We are pleased to report that on the 7 April 2022, the Premier met the captains of industry and business leaders in Msunduzi. Msunduzi municipality was tasked to prepare a report of progress in addressing challenges that were identified which include electricity outages due to ageing infrastructure, safety and security, deteriorating road infrastructure and billing systems. A follow-up engagement platform is being organized where Msunduzi will share with business the steps being taken to resolve the challenges. The Premier will also engage business leaders in other cities across the province.

### ***Rationalisation of Public Entities***

Against the backdrop of weaker economic growth, lower projections for revenue collection and increasing debt service cost, the South African government implemented a raft of cost cutting measures to improve the country's fiscal position one of which is the rationalization of public entities.



The department has made much progress towards the rationalization process of provincial entities. The merger of the KwaZulu-Natal Liquor Authority (KZNLA) and the KZNGBB is progressing well. Key interim governance structures have been established towards co-ordinating this process with key work streams leading strategic matters pertaining to HR, ICT, Finance, Communications, Legal and Governance. This process is quite advanced and we hoping to finalise this rationalisation in the new financial year.

Plans and preparations for the merger of the KwaZulu-Natal Film Commission with Tourism KwaZulu-Natal are now at an advanced stage. A joint Board Strategic Planning meeting was held in 2021, and a draft five-year Strategic Plan was developed for the new entity. Various work streams and the Champions for Change Committee (CFCC) are working towards the finalisation of this process.

The intended merger of Ezemvelo and the KwaZulu-Natal Sharks Board saw the development of a joint Business Case. In a concurrent process, the draft Bill is currently undergoing official approval processes.

EDTEA and the Government Technical Advisory Committee (GTAC), is assisting all the mergers processes by ensuring that they adhere to the applicable national prescripts and have sound business cases.

### ***Skills Development***

EDTEA in partnership with the University of KwaZulu-Natal is forging ahead with developing learning programmes under the Aerotropolis Institute Africa (AIA) to support the development of the Durban Aerotropolis and Dube TradePort SEZ.

Over 170 people were trained on aerotropolis short skills whilst 12 students were enrolled for the aerotropolis orientated post-graduate diploma programmes through the Aerotropolis Institute Africa (AIA). Most recently UKZN through the school of management and information technology and governance has approved the development of a Master's programme in Aerotropolis studies.

The Department has set aside R1 million for the 2022/23 financial year for implementation. The Department has also provided scholarships to seven students to study Aeronautical Engineering at the Universities of Witwatersrand and Pretoria.

### ***Innovation***

Whilst the onset of Covid-19 disrupted global economies, including South Africa, the pandemic also highlighted the underlying and more critical long-term need to better resource and institutionalise strategic innovation in areas such as public health, education, and transport among others.


For the past few years, EDTEA has been active in promoting innovation at grass roots level as well as within the provincial institutions of higher learning. The Technology Transfer Initiative was propelled as an intervention in an endeavour to bridge financing challenges confronted by innovative product developers within the province. This initiative is aimed at assisting university-developed and viable technologies to realize commercialisation.

During the 2021/22 financial year, the technology transfer initiative saw three technologies being concluded: Get2Natural, Amaranthus Biscuits and Enhanced Aquaculture Feed. The Get2Natural is a start-up led by two young female entrepreneurs. The aim of the project was to create a set of five hair products that address different elements of hair maintenance using natural extracts and oils.

Access to sufficient, affordable and nutritious food has been a challenge for quite some time especially in underdeveloped rural communities. The Amaranthus Biscuit Project at the University of Zululand, was aimed at developing food products that could be commercialized using indigenous foods (ingredients), thereby providing a source of income to rural households.



The enhanced aquaculture feed project was aimed at producing algae supplemented fish food that has been proven to generate fish growth of close to 1.5 times more than conventional fish food. Utilising a grant fund of R485 000 from the Tech Transfer Fund, innovators at DUT were able to generate microalgae biomass, characterize the biomass, formulate fish feed, ran experiments on control and experimental batches of fish to monitor



growth. The researchers successfully formulated an algae supplemented fish feed that generates more growth at a scale higher than 1.5 times that of conventional fish feed.

In 2021/22 EDTEA budgeted R3m for the operationalisation of the Techno-Hubs in Richards Bay, Newcastle and Port Shepstone. All the hubs have been installed with furniture and installation of computers will be finalized in this quarter.

During the 2021/22 budget year MKI established 9 digital centres across various rural towns in the province. The aim of these digital centres is to bridge the digital divide between rural and urban areas. These centres provide access to ICT infrastructure, access to connectivity, and capacity development for rural and township communities on digital technologies. Capacity development has been taking place including training on Digital Literacy, Digital Marketing, Cybersecurity, 3D printing and more. Innovation hackathons and competitions for youth were also had to encourage innovative entrepreneurship. Forty innovators were capacitated at the Digital Centres in 3D Printing, 20 Innovators from Tongaat were trained on Design Thinking, 20 Enterprise Development Entrepreneurs were trained in Digital Marketing and more than 55 KwaZulu-Natal public sector employees were capacitated on Cybersecurity Awareness.

The outlook for 2022/23 is to finalise implementation of four more digital centres, which will take the province from 9 to 13 digital centres. This is good progress. An annual digital innovation summit linked to 4IR, future industries and future skills is also on the cards for the upcoming year.

Imbeleko Digital Academy located deep in the Valley of 1000 Hills which empowers the youth living in the area received a sponsorship of R1 million from Sibaya Casino Community Trust. The Imbeleko model is a unique development in the area, offering a digitized training space to empower the community for generations to come.

Twenty-nine youth digital ambassadors were trained under the National Electronic Media Institute of South Africa (NEMISA) funded Ya Rona digital skills programme in Alfred Duma and uBuhlebezwe and awareness of digital technologies workshops involving a further 4250 community members were held.

## ***Ports Management***

Following the sustained concerns raised by the business community about the inefficient functioning of our ports, Transnet has positively responded by formulating the KwaZulu-Natal Ports Master Plan, which includes the Ports of Durban and Richards Bay. In this strategy the Port of Durban is to be positioned as a Container Hub and the Port of Richards Bay is to handle the Dry Bulk relocated from the Port of Durban. This plan inter alia includes the following:

- drastic increase of container TEUs handled from 3.1 million to above 10 million;
- Widening and Deepening of the Maydon Wharf Channel;
- SA Navy Relocated from Salisbury Island to Richards Bay;
- The South African Container Depot (SACD), Mediterranean Shipping Company (MSC); and Grindrod sites in Bayhead are to be part of the container terminal;
- Development of second access road to link the Port with N2 to alleviate traffic congestion (in partnership with eThekweni Municipality); and
- Increasing dry-dock capacity to service and provide maintenance to larger vessels calling at the Port.

The successful completion of the cruise terminal has seen increased cruise tourism numbers from the port of Durban.



### ***Alternative Energy Generation***

The constraints facing the national power grid entails that government has to promote alternative energy generation from sources such as solar and biomass. The Rooftop Solar Project which seeks to install solar systems at Government owned buildings in the province saw EDTEA setting aside R770 000 in 2021 towards installation of a 50KWp solar system at Ezemvelo Building. This installation has now been successfully completed and Ezemvelo is reaping the benefits. EDTEA has budgeted R2m in 2021/2022 towards the refurbishment of an existing factory in Harry Gwala to manufacture various biobased environmentally friendly products using biomass such as wood waste and sugarcane bagasse. The private investor will invest R40m towards the establishment of this biomass factory and create employment for 203 individuals within the district. SMMEs will also benefit by supplying feedstock to the company.

### ***Business Governance***

We are fully cognisant of the damage an inadequately regulated business industry can have on our society. Our Business Regulation Programme has been instrumental in licencing businesses and informal traders and ensuring adherence to the laws regulating general trade, sale of alcohol in the province as detailed in the following:



- The Department conducted in excess of 595 business inspections targeted at addressing the scourge of illicit and illegal business activities and practices with regard to illicit and counterfeit products, expired food and funeral parlours;
- The inspections were conducted at the Port of Entry (Durban harbour), freight industry, taverns, liquor outlets, retail outlets among others. The success of effective inspections was made possible through collaboration with other state agencies such as SAPS, National Consumer Commission, SARS, Department of Home Affairs, and Department of Labour. These inspections resulted in the arrest of illegal undocumented foreign nationals and the confiscation of counterfeit and illicit goods;
- 286 KwaZulu-Natal businesses have signed the business pledges in support of KwaZulu-Natal government's efforts to inculcate responsible trading and ensuring that they will comply with applicable prescripts and ethical business standards;
- 1700 consumer awareness programmes were offered on various platforms such as radio, 1KZN TV and imbizos;
- The KwaZulu-Natal Automated Business Licensing and Information Management System is currently being implemented by 95% of municipalities across the Province and it has become a platform of choice for municipalities and the business alike with regards to on-line application and processing of Business Licenses and Informal Trading Permits; and
- The KwaZulu-Natal Consumer Tribunal was launched.

Going forward the department will continue the rollout of the KwaZulu-Natal Automated Licensing and Information Management System. The department will continue with supplementing capacity at a municipal level across the province through conducting workshops for both municipalities and business in general to encourage the use of the online application system to aid the efficient processing of business licences.

### ***Environmental Management***

Honourable Speaker, effective management of our natural capital is a key requirement for sustainable economic development.

We are pleased to announce that the fight against **Rhino Poaching** managed to reduce the number of rhinos poached, from 35 in 2020, to only 22 in 2021. The success can be credited to various anti-poaching initiatives like smart parks, increasing the number of foot patrols as well as the ability to swiftly respond to crime scenes to preserve the evidence. However, at the beginning of this year, we have suffered serious setbacks in this critical battle.

**Community Projects:** Ezemvelo community upliftment projects arise from the realization that conservation and sustainable use of natural resources inside and outside protected areas only thrive if they have the support of the people living adjacent to these reserves. They are crucially aimed at developing and sustaining relationships with communities

neighboring the protected areas and other stakeholders. They were 3153 temporary jobs created and 66 permanent job employment for the communities neighboring the protected areas in line with Expanded Public Works Programme. 65% of all jobs created went to Youth, 55% to women, and 2% for people living with disability.

In the 2022/23 we will implement the following initiatives:

**Environmental Monitors** project will employ young people to strengthen the fight against rhino poaching, conduct research, and deal with environmental challenges. 215 jobs will be created throughout various municipalities, including the Big Five Hlabisa, Jozini, Msunduzi, Mooi Mpofana, NDZ, iNkosi Langalibalele, oKhahlamba, Abaqulusi, uMhlathuze, and uMlalazi Local Municipality.

**Invasive Aliens Species Programme Implementation** entailed the clearing of 87650 hectares of Alien plants within 17 local municipalities. 2013 Jobs to be created (524 youth, 464 women, 35 disabled). Investment attraction: **R40,843,000**.

**Working for the Coast (Amatigulu River to Imfolozi River)** involved cleaning rivers (source to sea), dune rehabilitation, environmental education awareness, cleaning of the coast, control of invasive plants, and monitoring and compliance within the King Cetshwayo Local Municipality. This project will create 100 jobs (71 youth, 44 women and 2 disabled). Investment attraction: **R11,400,000**.

**Midmar Revamp** will upgrade and revamp 32 tourism chalets, with the capacity to accommodate more than 170 visitors in the varying format of 2, 4, and 6 beds per unit; as well as Gate Security within the Msunduzi Local Municipality. 30 jobs will be created. Investment attraction: **R36,000,000**.

**Thendele Roofing Project:** This roofing project uses Harvey-thatch tiles, coated with element proof natural stone-chip at Thendele, situated within the Royal Natal National Park (RNNP). This project will create 73 jobs comprising of 54 youth, 22 women and 1 disabled person. Investment attraction: **R33,000,000**.

**Giants Castle Project:** The project is for the demolition and construction of the Meander Hut and the conversion of the 6-sleeper chalet into an events facility at Giants Castle. Of the 35 jobs to be created, 35 youth and 15 women are targeted. Investment attraction: **R10,900,000**.

**Maluti Drakensburg Transfontier Park Project:** This project entails the 100 kilometers of fencing the Maloti Drakensberg Trans-Frontier Parks boundary in the following Reserves situated within the uKhahlamba Local Municipality: RNNP, Rugged Glen, Cathedral Peak, Witterberg-Hillside, Monk's Cowl, Culfargie, Injesuthi, Lotheni, uMkhomazi, Vergelegen, Cobham, Highmoor, Kamberg, Garden Castle. A total of 211 jobs are envisaged to be created (137 youth, 116 women, 5 disabled). Investment attraction: **R20,000,000**.

**Ndumo Tembe Project:** Located in Jozini Local Municipality, this project involves demolition of existing abattoir, construction of abattoir at Tembe Elephant Park, construction of 5 staff bachelor accommodation at Ndumo Reserve and Tembe Elephant Park. 102 Jobs to be created (66 youth, 56 women, 2 disabled). Investment attraction: **R16,500,000.**

**uMlalazi Siyaya Coastal Project:** Construction and Refurbishment of laundry building, renovation of staff communal ablution and swimming pool, refurbishment of staff accommodation, installation of conservancy tank, all within the Umlalazi Local Municipality. 50 Jobs to be created (38 youth, 27 women). Investment attraction: **R5,000,000.**

**Payment for Ecosystems:** Rehabilitation of donga, constructions of stone packs, and planting of ground cover (grasses and shrubs) in the uKhahlamba Local Municipality. 305 Jobs to be created (227 youth, 225 women, 17 disabled). Investment attraction: **R6 964 640.**

**Ndumo Lodge Upgrade:** Project entails the construction and renovations of the Ndumo Camp within the Ndumo Nature Reserve, and uMlalazi Local Municipality. 19 Jobs to be created. Investment attraction: **R9 485 695**





### ***Flood Damage to Environmental Infrastructure***

KwaZulu-Natal Provincial Disaster Management Centre after assessing the magnitude and severity of the impact of the severe weather events occurring in various municipal areas of the KwaZulu-Natal province that resulted in the loss of life and damage to property, infrastructure and the environment caused by heavy rain, flooding, strong winds, landslides etc., and after having considered the information and recommendations received from the Provincial Disaster Management Centre, the National Disaster Management Centre declared the occurrence as a provincial disaster, in terms of Section 23(1)(b) of the Disaster Management Act, 2002 (Act No. 57 of 2002), on 13 April 2022.

The department's response to the Cabinet of KwaZulu-Natal's call for rapid response to the damage caused by the flooding resulted in a review of the budget allocation, with a view to reprioritising funds for mitigation of flood damage.

This is still work in progress and there are engagements with the Provincial Treasury to reprioritise our budget for 2022/23 financial year.

## 10. BUDGET FOR ENTITIES

Entity	2022/23 R'000
Dube TradePort Corporation	490 991
Ezemvelo KwaZulu-Natal Wildlife	854 830
KwaZulu-Natal Film Commission	83 855
KwaZulu-Natal Gaming and Betting Board	50 552
KwaZulu-Natal Liquor Authority	88 340
KwaZulu-Natal Tourism Authority	157 202
KwaZulu-Natal Sharks Board	71 443
Trade and Investment KwaZulu-Natal	99 836
Ithala Development Finance Corporation	119 910
KwaZulu-Natal Growth Fund Trust	69 115
Richards Bay Industrial Development Zone	109 945
Moses Kotane Institute	55 108
<b>Total</b>	<b>2 251 127</b>

## 11. CONCLUSION

In conclusion, I wish to thank the Hon Premier Sihle Zikalala for his continued support and guidance. I would also like to thank my esteemed colleagues in cabinet, our social partners in the province for their continued resolve to see the entire KwaZulu-Natal being extracted from the shackles of poverty.

I would like to conclude by extending my humble gratitude, particularly, to the Portfolio Committee on Economic Development and Tourism, the Portfolio Committee on Environmental Management, Members of this House, and staff of the Department of Economic Development, Tourism and Environmental Affairs including our public entities; for the support they rendered in producing this plan. With this budget we are giving them yet another tool to expand the opportunities for every resident in this province.

Now is the time to change our fortunes, now is the time to empower our people, and now is the time to rise above the Covid-19, civil unrest ashes, and rebuild the infrastructures affected by the recent floods.

I now table the Department of Economic Development, Tourism and Environmental Affairs budget for consideration by this august House.

PROGRAMME	2022/2023 (R'000)
1. Administration	348 224
2. Integrated Economic Development Services	467 474
3. Trade and Industry Development	928 959
4. Business Regulation and Governance	195 574
5. Economic Planning	24 076
6. Tourism Development	300 476
7. Environmental Management	1 148 212
<b>TOTAL ALLOCATION</b>	<b>3 412 995</b>

I now move the budget of **R3 412 995** for the 2022/23 financial year, I so move.

I thank you.

# GROWING KWAZULU-NATAL TOGETHER

*"When inequality gets too extreme, then it becomes useless for growth, and it can even become bad because it tends to lead to high perpetuation of inequality over time and low mobility. We want capitalism and market forces to be the slave of democracy rather than the opposite"* – **Thomas Piketty**

*"We should measure the prosperity of a nation not by the number of millionaires but by the absence of poverty, the prevalence of health, the efficiency of public schools, and the number of people who can and do read worthwhile books"* – **W.E.B. Du Bois**

*"Spatial planning is a non-negotiable requirement for long-term investment. This requires a paradigm shift by our professionals planning for township and rural economies. We need a revolutionary conversation with our traditional leaders."*



## KWAZULU-NATAL PROVINCE

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AND ENVIRONMENTAL AFFAIRS  
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